

## Business Heating Up in Utah's Dixie

By Toby G. Hayes

More than just sunshine and Shakespeare, southern Utah isn't simply a retirement mecca for the snowbirds from Salt Lake. The population growth of the region in recent years has spurred unmatched economic growth, making Utah's Dixie a prime place to be.

Comprised of five counties, equivalent in size to Denmark, southern Utah is home to a wide swath of business environments. While tourism is a big draw, the region is also known for its agriculture, including cattle, cheese and a variety of important crops.

Home to four national parks and two national monuments, the beauty of the region is spectacular. But the people of southern Utah are the real draw for growing businesses.

Southwest Utah is best known for its sweeping landscapes, which are frequently featured in television programs, commercials and movies. In Kane County, the small town of Kanab touts itself as Utah's Little Hollywood, as it has played host to a number of films, including John Wayne classics like "Fort Apache" and "She Wore a Yellow Ribbon," and more modern fare such as "Maverick" with Mel Gibson.

Because much of the land in the five-county region is preserved as state and national recreation areas, tourists from around the world flock to places like Bryce Canyon and Zion National Park to take in the natural beauty of unique red rock and imposing canyons. Locals especially enjoy the effects of Glen Canyon Dam, which, along with the electricity it provides, offers 150 miles of boating, fishing and waterskiing options on the famous Lake Powell. With a mix of comfortable cities and sprawling landscapes, the diverse counties of southern Utah have one major thing in common.

"They have a good work ethic," says Lecia Langston-Parks, regional economist for the Utah Department of Workforce Services. "A lot of times what fuels these small town businesses are just good ideas."

### FAST FACTS:

**Counties:** Washington, Beaver, Kane, Iron, Garfield

**Major Cities:** St. George (64,201), Cedar City (23,983), Kanab (3,516), Beaver (2,558), Panguitch (1,477)

**Regional Civilian Labor Force:** 85,942

**Per Capita Income:** \$21,530 (Washington), \$27,223 (Beaver), \$25,643 (Kane), \$20,139 (Iron), \$22,270 (Garfield)

**Major Employers:** Ruby's Inn, South Central Utah Telephone, Intermountain Healthcare, SkyWest Airlines, Circle Four Farms, Union Pacific Railroad, United Parcel Service, Best Friends Animal Sanctuary, Aramark, Stampin' Up, Southern Utah University, Convergys

**Average Sale Price of Homes, Year End 2006:**

Iron-\$221,012; Washington-\$337,913



A lot of those good ideas, she says, are those that have roots in the area. "In terms of economic development, homegrown businesses really do well," she says. "It just goes to show that if they are willing to invest in the community and stay there, they will be successful."

Beaver County has relied mainly on its long tradition of agriculture for economic growth. For example, the county's population of just a few thousand people is dwarfed by its population of more than 1 million pigs. Because of their proximity to the national parks, Garfield and Kane counties have a large tourism draw. But in Kane County, manufacturing has made a place for itself among the strong work ethic of southern Utah's people.

Part of the success for manufacturing here is attributed to the benefit of lower labor costs. Many companies can take advantage of the fact that wages, which are the largest ongoing business expense, are typically lower in southern Utah, especially in rural areas.

### FEEL THE BOOM

Even though it is only a portion of the state, the five-county region is double the size of New Jersey. And with a total population of under 200,000, the area also has plenty of room to grow.

"We encourage a diverse mix of growth that will provide high quality career opportunities for our citizens," says Scott Hirschi, director of the Washington County Economic Development Council. "That will increase wages and income, enabling our citizens to improve their standard of living."

Washington County acts as a population center for the region, with more than half of the people living there. With a population now topping 120,000, the area has seen a huge boom in recent years, especially immediately around St. George. Just 15 years ago, the county population was under 50,000—more than doubling in just over a decade. The increase in population has brought more jobs to the area, but has also decreased available land, which has



ST. GEORGE

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been a major contributor to the increased value of housing, especially in the last couple of years. If higher property values are any indicator of a growing economy, St. George hits the mark and then some.

“Everything is on an upswing right now,” says Randy Bennett of the Cedar City Chamber of Commerce in Iron County. “We’re really happy about that.”

The numbers point to the fact that home prices in Dixie doubled in just three years, peaking last year. The housing market had reached an average home price of \$350,000, rivaling that of Las Vegas.

Even high growth has its limits, and in Dixie, the housing market is cooling off a bit.

“Home sales are still well above the national average, but they have slowed down from where they were a year ago,” says Russell Behrmann, president of the St. George Area Chamber of Commerce.

The southwestern Utah trend of large population increases over the past 25 years shows a cycle that peaked mid-decade—in 1995 and 2005, for example. With population growth now advancing at a more moderate pace, home prices will also continue to come down as the rate of people moving to southern Utah continues to slow for the remainder of the decade. Still, optimism is high as things begin to level out.

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As southern Utah finds its bal-

ance following a major influx of people, the here and now offers some very positive aspects for business development.

The St. George area is seeing annual job growth in the neighborhood of 8 percent, compared to 1.5 percent nationally. Such staggering figures not only indicate strong economic development, but the combination of job growth and wage increases means jobs that are usually added primarily at the bottom of the pay scale are also being added in the middle management areas, pointing to widespread business expansions, says Langston.

“I think we’re going to continue growing,” Behrmann adds. “The reports I’ve heard say that we will still be slowing down over the next six months to a year, but it will pick back up again a year from now.”

#### **LOCATION, LOCATION, LOCATION.**

In Iron County, manufacturing has played a strong role in the local economy and will continue to do so. Roughly 20 percent of the county’s population of 40,000 people work in the manufacturing sector. The growth of this segment is due in large part to the availability of transportation and shipping options. Rail lines from Las Vegas and Los Angeles enter Utah via Iron County’s east boarder, making their way to the “inland port” of Cedar City and northward to the Wasatch Front. Additionally, trucking companies have come to know the area as a convenient location for shipping across the West, with access to 95 percent of the West Coast in a day’s drive.

“We have a lot of relocation going on right now,” says Bennett. “There are a lot of businesses moving here from California and from Las Vegas.”

The reason? The costs of starting and running a business are cheaper in areas of southern Utah.

“The average cost for industrial land in Las Vegas is \$450,000,” says Mike Hillis, managing partner of Commerce CRG in St. George. “Even with the gas money, you can save a lot in the couple hours it takes to drive from Cedar City to Las Vegas.”

Another reason for growth in that market segment is the ability to transport cargo containers to and from the West’s largest port, at Long Beach, Calif.. Although industrial sites surround the port, it is very cost prohibitive to operate there. That’s why



BRYCE CANYON NATIONAL PARK



companies involved in importing and exporting to Asian markets have located their industrial sites elsewhere, including other southern California locales and Las Vegas. But for start-ups and relocating businesses, those places are also becoming expensive.

The balance between operating cost and location is tipping even further toward Iron County. From Cedar City, rail cars bound for Long Beach can arrive within a day. And at around \$55,000 per acre for industrial land, companies are saving close to 90 percent by locating in Iron County instead of Las Vegas.

"Rail is a great way to move things," Bennett says. "Gas is really killing us as far as transportation goes."

Southern Utah is ripe for business. Ground transportation heads via Interstate 15 to nearby Nevada and California and air service will also play a vital role in the area's future. Daily flights from Cedar City now take passengers to Las Vegas and Farmington, New Mexico via a US Air partner, and SkyWest Airlines, which has headquarters in the region, has several daily departures from St. George to both Los Angeles and Salt Lake City. A new, larger airport for St. George will also expand air service, providing for the use of larger jet aircraft. That facility is set to open in 2010.

## KNOWLEDGE BUILDERS

The tremendous economic and population growth of the region also has its educational institutions growing at a rapid clip.

Last fall, Southern Utah University reached a landmark enrollment of 7,000 students.

"It's a significant accomplishment," says SUU's Gregory Stauffer. "There has been a lot of effort by a lot of people on campus to make this milestone, and to continue to make the biggest strides in the state in enrollment growth."

In three years SUU has gained nearly 1,000 students, with a goal to reach total enrollment of 9,000 within five years. At Dixie State College in St. George, it's a matter of keeping up with demand in supplying degree programs.

In 2000, Dixie began offering its first bachelor's degree, in business. Since then, the school has added four-year programs in information technology, elementary education, nursing and communications. In 2006, the school added English and biology to the mix in order to meet student demand and provide teaching credentials in the two subjects for those in a cooperative secondary education program between Dixie and SUU.

"This is a major step toward meeting the economic needs of

Washington County," says Donna Dillingham-Evans, vice president of academic services at Dixie. "These degrees were so high on our priority list due to the fact that Washington County so desperately needs English and biology teachers, not to mention other areas. It's a critical need of the school districts in our service area to provide these degrees."

While the growth of Dixie State College is helping spur community growth and economic vitality, Dillingham-Evans says this is just the beginning of what the St. George community is capable of.

The college plans to add to its current seven bacheleraute degrees by offering 16 more programs over the next two-and-a-half years. The trick to successful growth is offering programs that are either unique compared to other state institution degrees or that meet core demands to garner state funding. Some of the planned degrees are aviation management, accounting and Spanish.

With its shining sun and plethora of places to play, southern Utah has cemented its image as a mecca of plentiful recreational opportunities. But with a track record of unprecedented growth and expansion, southwest Utah is becoming just as widely known as a great place for business.



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